

In Unofficial Talks in Paris

Vietnamese Reds Adamant
On Coalition Without Thieu

By Flora Lewis

PARIS, Aug. 3 (NYT).—A series of unofficial contacts have been taking place here among Communist and non-Communist Vietnamese, alongside the sterile official negotiations.

They have not produced any clear agreements so far. But, according to sources involved, they have provoked some clarification from the Communist side on the stages of a possible political settlement for Vietnam, which led the non-Communist to say, "We have the impression that we are not very far apart."

The main difference between the result of these probes and the Communist position as stated in talks with the United States is the understanding that a non-Communist "transitional" gov-

ernment could be formed in Saigon to negotiate the next stage, a three-part coalition.

The South Vietnamese concerned said they believed there would be no special conditions imposed by the Communists on the composition of such a government, provided President Nguyen Van Thieu and Premier Tran Thieu Khlem were replaced.

The main sticking point, common to the official peace talks and these private contacts, is that Mr. Thieu must be ousted. The South Vietnamese who have been involved in these contacts oppose Mr. Thieu and have been more than willing to agree that he must go, but they contend that they have no way of getting rid of him.

Only the Americans have the power to depose Mr. Thieu, they say. The American position is that he will step down at an undetermined date after a cease-fire and release of prisoners, and one month before general elections. Presumably, he would have to seek re-election under voting rules prepared before his resignation.

While the position of Mr. Thieu therefore remains a point of complete impasse, the official probes have produced the impression that non-Communist Vietnamese would not find it difficult to get Communist acceptance of a "transitional" government that they might assemble to replace him.

The latest private non-Communist proposal was brought to Paris 10 days ago by Nguyen Thieu and his wife, Nguyen Thuyet Mai. Mr. Thieu is a former South Vietnamese government official who served as a special adviser to Saigon's delegation at the Paris talks in 1969.

Nine-Point Plan
He brought a nine-point plan on behalf of the Movement of National Reconciliation, which he said was formed recently by non-Communist in South Vietnam. It represents civilian, military and major religious elements, Mr. Thieu said.

The proposal calls for a cease-fire, without mention of international supervision, and proposes that all arms be "laid down" immediately afterward. Only patrols composed of "representatives from both sides" would be allowed to carry weapons to maintain order.

Without specifying how a new South Vietnamese government should be formed, it calls for the rapid carrying out of a program to satisfy "popular aspirations for peace and security as well as real freedom and democracy."

Another group in Paris, called the Committee for Peace and Renovation of South Vietnam, issued a somewhat similar proposal on July 7. This group has had frequent contact with the Communists, and feels confident that it could negotiate successfully if the problem of Mr. Thieu were solved.

The United States has long sought, both in formal and secret talks, to get from the Communists a clear idea of whom they would and would not consider acceptable in a post-Thieu government. Failing to obtain such details, Washington has assumed that the Communists are insisting on a veto that they would use to assure their own domination of the government.

That is not at all the impression of the non-Communist groups here. Their "probes" have led them to believe that a broad spectrum of prominent non-Communist nationalists would be acceptable, provided only that the figures involved were not directly or indirectly beholden to Mr. Thieu and determined to safeguard his power.



SALT TESTIMONY—U.S. Defense Secretary Melvin Laird, chairman of the Joint Chiefs of Staff, appearing before the House Foreign Affairs Committee to testify on the U.S.-Soviet Strategic Arms Limitation Treaty.

Senate Approves ABM Treaty

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each side has sufficient forces to deter a nuclear attack. Under the agreement, which in general freezes the number of offensive missiles, both sides may proceed with the modernization of their strategic missiles, such as equipping them with multiple warheads, known as MIRVs. It also provides that if no further

agreement is reached by the end of the five-year period limiting offensive weapons, then the United States would be free to abrogate the ABM treaty.

Under the Jackson proposal, the United States could nullify the offensive agreement before the end of the five-year period if the Soviet Union, as part of its modernization program, was

endangering the deterrent forces of the United States. Sen. Jackson's argument was that, during the five-year period, the Soviet Union, by such steps as placing MIRV warheads atop its large SS-9 intercontinental missiles, could tip the strategic balance against the United States. With this argument, however, Sen. John O. Pastore, D., R., the chairman of the Joint Congressional Committee on Atomic Energy, pointed out Sen. Jackson also was challenging the administration's case that so long as the United States proceeded with its own strategic modernization program, it would not be at a strategic disadvantage during the five-year period.

Publicly, the White House assumed a somewhat ambiguous stance toward the Jackson resolution. Presidential Press Secretary Ron Ziegler said the Jackson resolution was "consistent with United States policy," but he refused to express a preference between the Jackson proposal and a simple resolution of approval endorsed by the Senate Foreign Relations Committee on the ground that it was "a matter for the Senate to decide."

But publicly and privately, however, aides to Sen. Jackson, as well as Senate Republican leaders, were passing the word that the Jackson resolution had the support of the White House, a suggestion that seemed to be strengthened by the fact that the resolution was co-sponsored by Sen. Hugh Scott, D., Pennsylvania, the Republican leader, and Sen. Gordon Allott, D., Colorado, chairman of the Senate Republican Policy Committee.

Sen. Scott said, "I know of no objections from the White House." And Sen. Allott said in an interview that the resolution had at least the tacit support of the White House.

On the basis of private comments by White House officials, it appeared there were a combination of political and diplomatic reasons behind the White House's apparent ambiguity.

One Republican senator with close connections to the White House suggested the administration support of the Jackson resolution was "a way of reassuring the country, conservatives and Jackson without changing the substance and character of the agreement."

SALT Leverage
White House officials suggested the administration was desirous of using the Jackson resolution to increase its bargaining leverage in the next round of the SALT negotiations, but at the same time did not want to publicly endorse it lest the Russians come to the conclusion that the United States was backing out of the agreement.

The White House rationale, as explained by officials, was that the Jackson resolution could be used to impress the Russians with the desirability of taking immediate steps to curb offensive weapons while at the same time it could privately reassure the Russians that the United States was prepared to stand by the interim agreement.

The immediate political reaction, however, was to emphasize what had been expected to be routine, noncontroversial Senate consideration of the interim agreement.

Sen. Fulbright protested that the White House support of the Jackson resolution "raises some serious questions about the attitude of the administration toward the treaty and the interim agreement" and "casts some doubt on the good faith of this government in wishing to control the arms race."

Noting that the Senate, at administration request, had just approved large increases in the strategic budget, such as for the Trident missile-launching submarine, Sen. Fulbright said "if they proceed with a strategic modernization program it is 'a most inconsistent and irrational position.'"

With the introduction of the Jackson resolution, the Senate Democratic leadership immediately put off consideration of the interim agreement until next week at the earliest, with Senate Majority Leader Mike Mansfield expressing the hope that in the meantime the administration's position would be clarified.

First Known Huddle Since '68 Rift

Ceausescu-Brezhnev Meeting
Seen Sign of Warming Ties

By Hedrick Smith

MOSCOW, Aug. 3 (NYT).—Romanian President Nicolae Ceausescu's brief but prominently publicized meeting with Soviet party leader Leonid I. Brezhnev was interpreted, by Western diplomats yesterday as the greatest show of improving Soviet-Romanian relations since the 1968 invasion of Czechoslovakia.

The Soviet press yesterday disclosed little of the substance of their talks Tuesday at the Crimean resort of Oreskaya, where Mr. Brezhnev held a collective meeting with other Warsaw Pact party chiefs on Monday. German policy was believed to have been a major topic at that session.

Pravda, the Soviet Communist party newspaper, reported yesterday that Mr. Brezhnev and Mr. Ceausescu had discussed economic development and "questions of further development of all-round cooperation and expansion of party ties" between the two sides.

This was the first publicized meeting of the two men since the Romanian president condemned the Soviet-led invasion of Czechoslovakia as an "imperialist war" in Communist history, and Pravda gave the session priority over its coverage of Mr. Brezhnev's other private meeting, with Erich Honecker, the East German party chief. The newspaper also carried a front-page message from Mr. Ceausescu of praise for and gratitude to the Russians.

Absent in 1971

The Romanian leader's participation in this year's summer gathering of East European Communist leaders stirred interest because a year ago he was a notable absentee. After his visit to Communist China in June, 1971, the Soviet leadership launched a war of nerves against Romania, even preparing for a military maneuver close to its borders.

Soviet pressure tactics softened late last year and this spring relations between Moscow and Bucharest have warmed. Romanian sources have reported the resolution of some minor economic differences, and polemics in the press have quieted.

Last month, after the East European economic organization met here, Romanian Premier Ion Gheorghe Maurer held a private conference with Soviet Premier Alexei N. Kosygin, presumably to discuss economic matters. Some of the most articulate aides of Mr. Ceausescu responsible for spelling out his independent foreign policy line were depicted.

Western diplomats believe the Kremlin has deliberately sought to bring Romania back into more normal relations as a tactic to shore up East European solidarity in preparation for a European summit conference and East-West arms reduction talks, and to counteract the loosening effects on the Communist alliance of the détente in Central Europe.

Trade Relations
The Romanians are presumed to be interested because of their renewed awareness of Bucharest's reliance on the Soviet Union for economic aid and trade, in recognition that neither China nor the West can become a substitute for Moscow as an economic partner.

The Romanians, who reportedly gave advance indications of an interest in a top-level meeting even for symbolic purposes, were

also thought to be disenchanted with China's obvious impotence during the India-Pakistan war last fall.

Nonetheless, yesterday's reports gave no indication that Mr. Brezhnev and Mr. Ceausescu had bridged their important foreign-policy differences.

At the Romanian party congress only last month, the Romanian leader asserted that "under no circumstances should differences of opinion and divergences prejudice relations between parties and states." He called for a "new type of relations" among Socialist states based on full equality and mutual independence.

Soviet press accounts of the Brezhnev-Ceausescu talks omitted about "full mutual understanding" and described the atmosphere as "friendly," while the more favorable description of "warm-hearted" was used for the Brezhnev-Honecker talks.

The one power conferred a declaration that will be used immediately is the government authorization to appoint agency committees in each of these bodies will report on conditions and recommend measures that may be needed.

One role for them would be to work out a series of vital cargoes such as meat or foods. This would eliminate the need to call in troops, which government is reluctant to do.

Whitehall sources said the government decided not to use the conference as a provocation of the new and controversial industrial relations Act, which the labor-employer committee seemed close to final formula to settle the dispute.

Whitelaw Attempts to Obtain
Dublin Aid in Calming Ulster

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border issue, the House of Commons learned today.

Mr. Whitelaw told questioners that the Irish Republic would be held as soon as possible after the legislation was approved.

The decision is in line with the government's program announced after Britain took over direct rule of Northern Ireland in March, suspending the Belfast-based provincial Parliament.

Bomb Expert Killed
BELFAST, Aug. 3 (Reuters).—An army bomb disposal expert was killed by an explosion and a soldier in separate incidents in

the village of Clady, about 10 miles west of here.

He was trying to defuse a bomb, which had been discovered near a Presbyterian church, an explosion blew a five-foot hole in the ground.

The gunman was shot in the head in the Ardara district, Belfast early today and died in hospital. He has not been identified.

Lynch Party Victory
DUBLIN, Aug. 3 (UPI).—Premier Lynch's Fianna Fail party and its policy of opposing violence to solve the Ulster crisis were in special election here.

The Fianna Fail candidate won the election to fill the parliamentary seat of the mid-Cork constituency, polling officials said.

Mr. Lynch had led a party campaign to retain the seat, thereby, its one-vote majority Parliament.

Filipino Ferry Burns
MANILA, Aug. 3 (Reuters).—A fire swept through a crowded inter-island ferry in the southern Philippines today, killing at least 28 of about 190 people aboard.

Sources said at least 80 people were missing, while another were rescued by boats.

End of an Era
For the RAF

LONDON, Aug. 3 (UPI).—In a modernization move, the Royal Air Force today said its last two horses will be placed there with cars, spokesman said.

"Although they have done an excellent job and have been extremely popular, particularly on open days (with the public visits air base and ceremonial occasions, has to be the deciding factor," he said.

As a result, Hercules at Atlas, two horses used on base at Akrotiri, Cyprus, were declared "redundant."

The horses were used for police patrols, but the development of better roads has given an edge to cars. In comparison, the horses were slow starters.

"By the time a rider is saddled up a horse in response to an emergency call, the criminal has probably disappeared," the RAF spokesman said.

State of Emergency Declared
In Seventh Day of U.K. Strife

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ration was signed by Queen Elizabeth this morning after she met with members of her Privy Council aboard the royal yacht Britannia, which is cruising near Islay in the western Scottish Isles.

The Privy Councilors, including Home Secretary Carr, flew to the island for the meeting and then returned immediately to London, where Mr. Carr presented the document to the speaker of the House of Commons.

The declaration will take effect at midnight tonight and will last for 30 days. It is valid unless it is dissolved by Parliament within the next seven days. The measure will be debated on Tuesday, but there is no doubt that it will be approved.

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WEATHER

ALABAMA	0	70	Sunny
ALASKA	1	60	Partly cloudy
ARIZONA	2	80	Partly cloudy
ARKANSAS	3	80	Sunny
CALIFORNIA	4	80	Sunny
COLORADO	5	80	Sunny
CONNECTICUT	6	80	Sunny
DELAWARE	7	80	Sunny
FLORIDA	8	80	Sunny
GEORGIA	9	80	Sunny
ILLINOIS	10	80	Sunny
INDIANA	11	80	Sunny
IOWA	12	80	Sunny
KANSAS	13	80	Sunny
KENTUCKY	14	80	Sunny
LOUISIANA	15	80	Sunny
MAINE	16	80	Sunny
MARYLAND	17	80	Sunny
MASSACHUSETTS	18	80	Sunny
MICHIGAN	19	80	Sunny
MINNESOTA	20	80	Sunny
MISSISSIPPI	21	80	Sunny
MISSOURI	22	80	Sunny
MONTANA	23	80	Sunny
NEBRASKA	24	80	Sunny
NEVADA	25	80	Sunny
NEW HAMPSHIRE	26	80	Sunny
NEW JERSEY	27	80	Sunny
NEW YORK	28	80	Sunny
NORTH CAROLINA	29	80	Sunny
NORTH DAKOTA	30	80	Sunny
OHIO	31	80	Sunny
OKLAHOMA	32	80	Sunny
OREGON	33	80	Sunny
PENNSYLVANIA	34	80	Sunny
RHODE ISLAND	35	80	Sunny
SOUTH CAROLINA	36	80	Sunny
SOUTH DAKOTA	37	80	Sunny
TENNESSEE	38	80	Sunny
TEXAS	39	80	Sunny
UTAH	40	80	Sunny
Vermont	41	80	Sunny
VIRGINIA	42	80	Sunny
WASHINGTON	43	80	Sunny
WEST VIRGINIA	44	80	Sunny
WISCONSIN	45	80	Sunny
WYOMING	46	80	Sunny

Peace Talks
Again Marked
By Disputes

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Ident Nguyen Van Thieu of South Vietnam.

He warned: "You would be well-advised to abstain from egregious insults and to concentrate instead on the issues." Mr. Porter later expressed the hope that next week the Communists would honor "minimal standards of diplomatic interchange."

The U.S. press spokesman, David Lamberston, denied that Mr. Porter's wording had suggested a threat to break off the semipublic talks once again—as occurred for 10 weeks between May and mid-July. Instead, he recalled that the United States had not agreed to hold the weekly talks on an automatic basis.

Nothing that Mr. Porter had expressed "disappointment" in emerging from the session, Mr. Lamberston said that each such weekly session required prior agreement by all the parties involved.

At no point did any of the head delegates even mention the meeting Tuesday between White House adviser Henry A. Kissinger and Mr. Thieu and Le Duc Tho, a Hanoi Politburo member.

However, Mr. Le, the spokesman for Hanoi, said: "Reality has shown that the American side maintains its position as an aggressor and a neocolonialist. The Nixon administration speaks of peace and negotiation, but an unprecedented intensification of the war is taking place."

2 Koreas Facing
Delay in Formal
Red Cross Talks

SEOUL, Aug. 3 (NYT).—Red Cross negotiators from North and South Korea met at Panmunjom today but failed to settle their differences, making certain the postponement of the opening of the full-dress Red Cross talks scheduled for Saturday.

Although there was no official announcement of the postponement, Red Cross sources here agreed that it was now practically impossible to open the full talks as scheduled.

Today's meeting was the second "working-level" preparatory session held behind the closed doors of the armistice border village of Panmunjom to solve outstanding "procedural matters" for the main conference, including the question of whether the opening meeting should be held in Seoul or Pyongyang.

A South Korean Red Cross spokesman said that the date for the next working-level meeting was not decided.

Senate Votes New Measure
To Force Vietnam Pullout

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ing the final vote so long that some senators favoring the Brooke amendment would leave for out-of-town engagements. This tactic has triumphed on various occasions.

But the bloc favoring the amendment held firm on one procedural vote after another. Just before final passage, the Senate accepted, 95 to 2, an amendment by Sen. Jack Miller, R., Iowa, adding the requirement that North Vietnam account for U.S. soldiers missing in action, as well as release all prisoners.

The Senate bill authorizes \$20.6 billion in fiscal 1973 for military procurement. The administration had asked \$23.3 billion but the House also voted \$20.6 billion.

Uganda, N. Korea Ties
KAMPALA, Uganda, Aug. 3 (UPI).—Uganda and North Korea have agreed to exchange ambassadors, Radio Uganda announced. It said the decision was taken at a meeting Sunday between President Idi Amin and the North Korean ambassador to Moscow, Gwon Hu Gyeong. Uganda also has diplomatic relations with South Korea.

A communiqué said that the next round would be held in East Berlin on Aug. 15. The present meeting was the first to be held in five weeks.

The communiqué did not say when the talks would be raised to the level of full negotiations.

Firebase Bastogne Retaken
Without a Fight, Saigon Says

By Sydney H. Schanberg

SAIGON, Aug. 3 (NYT).—The Saigon command said today that South Vietnamese troops had recaptured Firebase Bastogne, a government defense point on the northern front that was abandoned a week ago under intense shelling and ground attacks.

A South Vietnamese military spokesman in Saigon said that two platoons—a maximum of 75 men—re-entered the hill base at dusk yesterday and found it empty.

Firebase Bastogne, about 12 miles southwest of the city of Hue and a link in its defenses, has changed hands four times since the North Vietnamese began their current offensive on March 30.

It is unclear whether the North Vietnamese, after forcing the government troops off Bastogne, ever occupied it. In fact, most of what is taking place on the southwest approaches to Hue remains unclear.

It does not appear likely that government troops will set up a large camp at Bastogne and try to hold it—certainly the two platoons that recaptured the position are not enough to hold it.

Artillery the Target
But the South Vietnamese will presumably try to impose their presence over as much of the general area as possible to prevent the Communists from moving artillery into place for a major assault on Hue, Vietnam's former imperial capital and its third-largest city with a population of about 200,000.

U.S. advisers and South Vietnamese leaders, including President Nguyen Van Thieu, have been predicting that the North Vietnamese will attempt another big push before the U.S. presidential election in November—either in the Mekong Delta south of Saigon or against Hue in the North, or perhaps in both areas.

Hue continues to be hit by sporadic shelling. The Saigon spokesman said today that the city had been struck by eight rockets, killing two civilians and wounding eight.

About 35 miles north of Hue, fighting continued for the town of Quang Tri, capital of Quang Tri Province, which fell to the North Vietnamese on May 1 and which the South Vietnamese have been trying to regain since June 28. The Communists still hold the walled, fortress-like Citadel in the center of the town and are entrenched in many areas outside the Citadel.

About 60 miles south of Hue, the Communists staged their first rocket attack on the Da Nang air base in three weeks. The U.S. command said that 38 rockets struck the seaside base this morning, killing one American airman, wounding 10, destroying two buildings, including the big post exchange, and damaging three helicopters.

Public Display
The planned diplomatic initiative consists more of public display than any expectation of actual results.

Neither the French nor the Israelis really believe that the initiative can produce much more than headlines—a fact that they readily admit in private—and there is no sign that the Egyptians seek more from a new mediation attempt than some outside pressure on Israel.

Nonetheless, France is eager to demonstrate political leadership in the Mediterranean area and Mediterranean regionalism was an important topic at the high-level French-Italian meeting last week.

Sadat Hopes to Settle Crisis
In Mideast Before Merger

(Continued from Page 1)

dispatch under the headline "Decision by Egypt and Libya" on one of its inside pages.

Quoting from the two countries' joint communiqué, it described how a joint political leadership would be set up with seven committees to work out recommendations on union. It also reported that referendums on the issue were planned in Egypt and Libya.

There has been no official comment, but observers believe that the Kremlin fears that the union would mean greater influence for Col. Qadhafi, known for his strong anti-Communist views and suspicion of the Soviet Union.

Syria Gives Approval
DAMASCUS, Aug. 3 (UPI).—Syria today gave its blessing to plans by its partners in the Federation of Arab Republics to merge, Damascus Radio said today.

The radio said President Hafiz Assad conveyed his "satisfaction and happiness" to President Sadat and Col. Qadhafi in Benghazi by telephone.

The two leaders called Mr. Assad to notify him of their plans and will send an envoy to Damascus soon to brief him on details, the radio said.

Mideast Reaction
TEL AVIV, Aug. 3 (UPI).—Israeli newspapers reacted mildly today to news of the planned Egyptian-Libyan merger. There was no official reaction.

"Despite the publicity and air of drama that has surrounded the talks between Sadat and Qadhafi, it appears that the two states are no closer to a merger than when the talks started," the Jerusalem Post said in an editorial.

"Much can happen in a year, especially in the volatile politics of our region," it said.

Haretz said there was "no real basis" to the agreement.

صكحات الأصل

Uniting Two Revolutions

It is interesting—and revealing—that the proposed plan for uniting Egypt and Libya speaks not of bringing two nations together but two revolutions. Underlying this choice of words, of course, is the assumption that the Arab peoples of Egypt and Libya are already one in culture and faith and in many goals, including opposition to Israel and to any form of external imperialism. But equally implicit is a belief in Islamic dynamism, rather than just the creation of a viable state.

For the latter purpose there is much to be said for an Egypt-Libya union. The two countries are contiguous and in many respects complementary. Libya has nearly twice the area of Egypt and only one seventeenth of its population.

Egypt is a cultural center of Islam of long standing, and has developed political institutions over several generations, while Libya, with the exception of a relatively narrow coastal strip, is essentially nomadic, with new-fledged governmental organisms and a history of passionate religious reformism that contrasts with the more sober, more intellectual, approach of Cairo University. Finally, Libya is rich in oil, and, materially, little else, while Egypt has been developing a more diverse economy on limited natural resources.

Thus, there may be greater hope for practical unification than there was when Nasser experimented with a union between Egypt and the physically separated areas of Syria and Yemen, even though the new rapprochement threatens the existing and

somewhat tenuous ties that now link Egypt, Libya and Syria. But there remains the question of relations between two powerful men: Egyptian President Sadat and Libya's Col. Qadhafi. And, apart from personalities, how will the policies they have pursued be brought into a common focus?

President Sadat, however he may cherish the concept of Arab unity, is an Egyptian first. His main theme has been—in relations with the United States and the Soviet Union, for example—the recovery of the Egyptian territories seized by Israel in the 1967 war. This does not mean that he would sacrifice other Arab territories under Israeli control to settle that question, but he has opened a rift with the Arabs' chief support in the outside world, the Soviet Union, because the gains were not consonant with his concept of Egyptian independence.

Col. Qadhafi, as a strong opponent of Communism, certainly did not object to this. But he has sketched out a revolutionary jihad that extends from the embattled Moslem Moros in the Philippines to the equally embattled, if far from Moslem, IRA in Northern Ireland. Would he be content to see Libya's wealth used for the creation of a strong and prosperous community on the Mediterranean, or would he insist on foreign adventures across the seven seas? Specifically, would he be satisfied to reach some agreement with Israel, which President Sadat has held up as a goal, or persist in a war of attrition? The 12 months in which the union between Egypt and Libya will be discussed on a number of levels should answer these questions.

Gold Boom

In the London and Paris free markets, the price of gold has spurted above \$70 an ounce, an all-time record. But, under the two-tier system established by the major industrial nations in March, 1968, the official price of gold is little more than half as much—\$38. The question raised by the soaring free-market price is whether the two-tier system can endure much longer or whether there soon must be a doubling or more of the official gold price maintained by governments and central banks.

The run-up in the gold price appears unrelated to any current weakening of the dollar; on the contrary, as the gold price climbed, the dollar also strengthened against the major European currencies and the yen. More stable price and cost trends in the United States compared to those abroad are contributing to the dollar's recovery, a trend further helped by the cooperation of the Federal Reserve in supporting the existing structure.

Nevertheless, heavy pressure is building up for a major boost in the official gold price. President Pompidou of France, in talks with Italian leaders, reportedly has raised the idea of revaluing gold for settling debts within the European Economic Community. The Italians, with the lira weak but with their European partners determined to keep them from devaluing, have made a deal to pay their Common Market debts in dollars rather than gold. The Italians have no taste for giving up gold officially priced at \$38 when it is worth \$70 in the free market.

Not only in Europe but throughout the

world, speculation in gold is feeding on continuing uncertainty over the future role of gold in international monetary settlements. That buildup of pressure emphasizes the urgency of getting on with negotiating basic reform of the world monetary system, a task which is to begin at the September meeting of the International Monetary Fund.

Part of the reform must involve a long-run solution of how to satisfy the world's continuing and growing needs for monetary reserves. In our view, that solution can best be achieved by IMF issuance of so-called "paper gold," or special drawing rights. Such a course can be managed to support steady international growth. To rely instead on the mining activity and sales of gold-producing countries and on the fears and hopes of gold speculators and hoarders is both irrational and hazardous.

Obviously, many countries are not ready to give up the monetary use of gold and trade it in for SDRs. This is likely to be the case in the European Common Market. But an effort by Europe to force a massive gold price increase upon the United States and the rest of the world would be extremely shortsighted and disruptive. It could upset rather than stabilize international money markets and undermine not only faith in the dollar but in all paper currencies. The way to handle the international monetary reserve problem is to negotiate a system for combining gold and SDRs in a gradually expanding system. Within such a system, gold should play a diminishing role.

—THE NEW YORK TIMES.

A Country on Trial

Such is the political ambiguity that still hovers over Prague four years after the Soviet invasion, that it is hard to tell whether the current trials of "subversives" mark the darkening of a long night of the knives—as one defendant, Milan Huelbl, reportedly warned Gustav Husak, the leader of Czechoslovakia—or whether, as the government contends, the trials are simply meant to erase the last public traces of resistance to the post-invasion status quo. That Mr. Husak chose the period of the trials to go on vacation, in the Soviet Union, would seem to illustrate the point.

The Czech government notes that it is not the liberal leaders of 1968, long since purged (but not tried), who are in the dock, but others who are charged with "crimes" committed—after repeated official warnings—in the 1970s. The political overtones are nonetheless apparent. The several dozen defendants did, in fact, support Alexander Dubcek in 1968; they support what he stood for still. But their acts—like distributing leaflets urging citizens to ignore government voting instructions in the 1971 elections—are not those which either a democratic country or a confident Socialist country

would regard as criminal. Indeed, some defendants, admitting the charges against them, claim that what they did was for the good of Czechoslovakia. But of course, the trials are not about the perfecting of Socialism; they are about the consolidating of an uneasy regime's power.

If the internal effects of the trial are as yet uncertain, the external effects are not. Once again the world is paying heed to Czechoslovakia and observing the barren quality of its public life. It is less a handful of doctored individuals than the government itself which is on trial. Prague's hopes of pacifying the people with economic improvements and of quietly nursing the country back into international respectability have had to yield to the domestic imperatives dictated, or so one must presume, by the Soviet Union.

Ironically, the invaders of Czechoslovakia currently enjoy a higher world standing, including a closer relationship with the United States, than does the victim. The reason is simple: the Soviet Union has the power. Yet as the fourth anniversary of the invasion nears, the plight of the Czechs remains infinitely sad.

—THE WASHINGTON POST.

In the International Edition

Seventy-Five Years Ago

August 4, 1897

PARIS.—The steamer from Honolulu, which arrived in San Francisco yesterday, reports that it is generally understood in official circles in Hawaii that Mr. Sewall will carry out the instructions which were sent him by the last mail. These are said to be in effect that if word arrives that Congress has not passed the annexation treaty Mr. Sewall is to declare a protectorate and raise the American flag. The declaration of the protectorate was expected to take place on August 2.

Fifty Years Ago

August 4, 1922

PARIS.—American girls who have been passing the summer in England have brought about a demand for lower heels. Shopkeepers cannot understand this demand when the more-or-less short skirt seems to indicate the most chic footwear, but the answer is easy enough to find. It is that the American woman walks. And as the American is a proverbial lover of comfort she will not long continue to compress her feet into the narrowest point "stilted" up by the highest heels.



Realizing Marx's Vision 125 Years Later

By Milovan Djilas

BELGRADE—The crisis of Communism will inevitably change the position and the role of the working class—indeed, it is already changing it.

The nature of that crisis shows this more clearly than do the eruptions of workers' dissatisfaction (Hungary in 1956, Poland in 1970). True, the crisis of Communism and the dissatisfaction of workers are linked. Moreover, the workers' dissatisfaction makes that crisis more obvious and deepens it drastically.

Nonetheless, these dissatisfactions are more a reaction against shameful abuse and intolerable conditions than they are against the social position of the working class or against the monopoly of the dogmatic bureaucracy over the working class. The crisis of the party bureaucracy is, however, a lasting one and is reflected in the entire society and in its further development.

What is most obvious is that this is a crisis of ideology. The slogan of the utopian Communist society, "consumption according to need," is attainable and has already been attained in ideological "goods." But that flood of ideological products is the most obvious proof of the sterility, routinized and poverty of ideology.

Lenin's Prohibition

The ideological crisis began—in my opinion—with Lenin's prohibition of different factions within the party and with the provision for special rewards for political work. But it was only when Stalin set ideological norms and constituted the party bureaucracy as a privileged monopolistic stratum that the transition from creativity toward the stagnation of ideology was completed.

Under Stalin, Communism became still stronger as it was spread by the ever more powerful Soviet state in the whirlwind of war and ruin. Communism grew spatially and physically, but internally, morally and intellectually it declined. The ideology was disintegrating and being destroyed by its own realization and by the extermination of its believers.

Today, the ideological crisis is most visible and sharpest in the splitting of the world Communist movement into national parties or, more accurately, in the transformation of Communism into bureaucratic nationalism. And in this process the Soviet Union and China, as great powers, are especially important: The tendencies in the first could be characterized as bureaucratic imperialism and those in the second as revolutionary bureaucracy.

The ideological crisis is, at the same time, a crisis of the "ideological economy," of the dogmatic treatment of property and distribution.

And finally, it is a crisis of competition with the capitalist world. But this crisis makes society and the state stronger rather than weaker. Contemporary societies under Communism show the greatest similarity to the post-revolutionary societies of earlier epochs. Sooner or later, they emerge from it, more free and more dynamic. The same can be said for Communist states.

A Middle Class

The already significant differentiation within those societies shows this. The most conspicuous aspect of differentiation is the creation of a kind of middle class. It is rooting itself in all social groups, even in the party bureaucracy, and the upper strata of all social groups. This is true for the working class as well.

Although the working class more closely approximates Marx's proletarians—impoverished and deprived of rights—in socialism than in capitalism, the transformation of present socialist societies into consumer societies offers to the workers greater advantage.

The working class is not, nor can it be, satisfied by the arbitrary and patronizing distribution which is carried out by the bureaucracy. But for redistribution in favor of the working class, what is necessary is not to de-

stroy society but only the right to own the results; what is needed is to abolish the bureaucratic monopoly over society.

That is part of a broader process which in capitalist countries is only more advanced. The technological revolution offers the working class a possible change not only in its living standards but also in its social position. Only in the dogmas of the ideologies and in the yearnings of the revolutionaries has the working class been absolutely revolutionary—always, everywhere and in everything.

Fanciful Minds

Workers are, it is true, stubborn, disciplined and selfless fighters—but for their own interests, for human values and for the equality of their nation.

All of this is to say that neither socialism nor capitalism will give birth to proletarian revolutions. But it is only in the minds of fanatics of the revolution that this means a reduction in the role of the working class.

The crisis in socialism is primarily a crisis of the politics of development. Therefore, socialist societies, even if they were not tied up with force, are not suitable for revolutionary programs and civil wars, but are suitable for reforms, strikes and demonstrations.

In socialism, the operational and social might of the working class inevitably grows with the deepening of the crisis of the "new class." Today Marx's proletariat is the unskilled or poorly paid foreign worker. With knowledge the modern worker ap-

proaches the specialist and his standard of living slowly becomes middle class.

For the middle class as well as for the specialist and scientist, science and modern production provide not only subsistence but also greater potential freedom. Although in a far different society from that which Marx imagined, does not this society realize Marx's vision of the disappearance of the differences between intellectual and physical labor and the transformation of the slaves of labor into complete free men?

This is the last of three articles by Milovan Djilas, Yugoslav revolutionary and Marxist theoretician. They were made available by The New York Times Feature Service.

Tiptoeing to Security

By C. L. Sulzberger

BELGRADE—One of history's most talked of diplomatic gatherings must be the much-bruited European security conference, which has been discussed for almost a decade but has yet to meet and certainly won't until 1973, at the earliest.

This continually warmed-over Soviet initiative, at various times pushed by Warsaw and Helsinki, is slowly approaching the stage of reality. The Brezhnev-Nixon talks clearly gave it a substantial boost.

Nevertheless, prospects for imminent action on European security—which, in effect, means a formal truce between NATO and the Warsaw Pact—are not yet glowing. The mere fact that the United States will be obsessed with its own presidential elections until late autumn is likely to delay convocation of even effective preliminary negotiations on the project.

Yugoslav Proposal

However, the thought and argumentation on this subject that has been oozed back and forth among European chancelleries so far has not been entirely barren. Many old ideas have been belated at the edges and are now more conceivable than they were a few years ago. The Russians have accepted the necessity of U.S. participation and, moreover, some new ideas have been suggested to prepare a better ambience for the inevitable meeting.

Of these, perhaps the most interesting is a Yugoslav proposal aiming at "certain measures" in the realm of regional disarmament as a preparation for the conference. Belgrade has been quite specific in its suggestions, which have been circulated in capitals of both the Eastern and Western power blocs.

What the Yugoslavs recommend to ease vestigial tensions is avoidance of national military maneuvers in "vulnerable" border regions, meaning those contiguous to sensitive targets across frontiers. Likewise, they suggest ending multilateral maneuvers (those of NATO or the Soviet alliance) in "sensitive areas" and a ban on the use of international waters or air space for display of armed strength in the vicinity of the territorial waters or air space of European states.

On the face of it, this suggested formulation would seem partially directed at both great power conditions. NATO often holds exercises in frontier areas: opposite Russia in northern Norway, opposite Czechoslovakia in West Germany, opposite Bulgaria in Greece and Turkey. And the Warsaw Pact is continually marching its troops around Eastern Europe between the Baltic and the Black Sea.

Both sides also have the habit of sending their aircraft along delicate corridors and, as they are legally entitled to do, sailing their ships through uncomfortably located sections of the high seas. These customs have become increasingly noticeable in the Mediterranean region since the 1967 Palestine war and, presum-

ably, Belgrade would favor an end to all Mediterranean maneuvers.

It is understandable that the Yugoslav government has put forth this approach because it finds itself in an awkward geographical and political position. It is unaligned, as between great power groups, and yet it has common borders with two NATO states (Italy and Greece), three members of the Warsaw Pact (Hungary, Bulgaria and Romania), one pro-Chinese country (Albania) and one genuine neutral (Austria).

Thus, in case of any military buildup, Yugoslavia's own position cannot avoid being threatened. Furthermore, the maritime contact between the United States and the Soviet Union in the Mediterranean makes the Yugoslavs acutely uncomfortable. They are aware of their own strategically important Adriatic coastline and that of Albania to the south, both of which are clearly coveted by ambitious foreign admirals—in this case Communist.

Moreover, there is an unmentioned aspect of the situation which troubles the Yugoslavs. They have never forgotten Moscow's announcement of a "Brezhnev Doctrine" in 1968, giving Russia the alleged right to interfere physically in the affairs of other "Socialist" states. Yugoslavia is a "Socialist" state.

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Invasion Device

The Soviet Union used the device of Warsaw Pact maneuvers to build up forces for the occupation of Czechoslovakia and the ouster of Dubcek. It had used the device so far without success—to try and coerce Romania into following a Kremlin line.

It would probably use the device at some future date should Yugoslavia, after Tito's death, fall victim to internal disorders and centrifugal forces, like the Croatian separatist movement, and thereby attract Moscow interference.

For this reason, Belgrade has overwhelming interest in securing international agreement along the lines it proposes. If some other lands are less threatened and less aware of the problem, Belgrade's ideas have points of interest to all nations. It should be carefully considered even before the much-mentioned conference convenes.

سكندرية

Plastic Airplane to Go on Sale At \$4,500; Flies at 273 MPH

ON, Ohio, Aug. 3 (UPI)—A plastic airplane that speeds from 30 to 273 mph, take off and land on a strip of sand and sell for an automobile, will be available in kit form, a company said.

Verak Corp., makers of the plane, said it revolutionizes the aviation industry.

The plane, two-seater, is a wing span of 24 feet and about 4,500, according to Jack Reeder, a company director.

Verak president Norman D. Moore said the plane is a result of new developments in plastics.

"We are utilizing high-strength epoxy composites, polyurethanes, elastomers and foams, polyesters, polycarbonates, vinyls and other materials," Mr. Moore said.

"It's short, we have found a way of greatly reducing labor cost in airplane manufacturing. For instance, one section which normally would require more than 1,000 rivets and about 40

sheet-metal parts is replaced by a one-piece molded part. It is lighter, aerodynamically superior and uses 95 percent less labor to produce."

Company officials said the kit they plan to sell will include "completely molded air-frame components" for the basic structure, hardware items like control linkages, landing gear fittings and engine mounts; instruments, wheels and a choice of several engines.

Mr. Reeder said a certified flyaway model will be made at a later stage.

Fischer Leads at 40th Move

Chess Game Resumes Today

UK, Aug. 3 (UPI)—Fischer, arriving late, and Spassky, who had been studying the game for 16 minutes, agreed to resume their 10th game of the championship.

Officials said the game would resume at 2 p.m. instead of the 11:00 a.m. start because of a 24-hour radioing at sundown Friday.

watching the game, the most exciting was when Fischer was in a position to win, while he only hoped for a draw game resumes at 2 p.m. instead of the 11:00 a.m. start because of a 24-hour radioing at sundown Friday.

Minutes later, adopting Fischer's own, moved 10 minutes later, the hall only after

FBI Aide Had New Intelligence

NGTON, Aug. 3 (UPI)—C. Sullivan, a top administrator who was forced after the late J. Edgar Hoover's death, will be appointed as a new national intelligence center, according to sources reported.

Sullivan, 60, was forced out of the bureau after 30 years, reportedly his attempts to modernize the bureau and his close ties with former Attorney John N. Mitchell and Justice Department made Mr. Hoover

Mr. Sullivan was on sick leave after his name was made director of the bureau of his forced retirement.

January, Mr. Sullivan chief of operations of the Crime Prevention in Westport, Conn. of the new center, Mr. Sullivan would be charged with maintaining a narcotics intelligence analyzing information illicit traffic.

ce Tries 8 for Plotting raps, U.S. Embassy Attack

S, Aug. 3 (UPI)—A witness against eight accused of plotting and the kidnapping of Kennedy Jr. testified they also had planned to attack the U.S. Embassy here for U.S. support of regime.

Antonio Symeonakis, the army last year, prior to becoming a member of a group of defendants, denied sabotage and to the army training center and the American Embassy in Athens. Mr. Symeonakis said he better to dig a tunnel to the foundations of the embassy and blow it up, the testified.

he nor another prosecutor, military police nests Belos, gave the persons whom the de-allegedly intended to

dictment of the eight planned armed robbery and public utilities kidnapping of well-known persons, including 11-year-old son of the late U.S. president, was vacationing with his

al Police Shift

REAL, Aug. 3 (AP)—Saulnier was relieved of the 4,122-man police force yesterday, after the Quebec commission said he was competent to hold the job.

The 10th Game

REFEJAVIE, Aug. 3 (AP)—Moore in the tenth game of the world chess championship between Soviet titleholder Boris Spassky and American challenger Bobby Fischer.

FISCHER (White)
1. P-K4
2. N-K3
3. B-K2
4. O-O
5. B-K3
6. P-K4
7. P-K3
8. P-K3
9. P-K3
10. P-Q4

SPASSKY (Black)
1. K-K5
2. P-Q3
3. K-K3
4. B-K2
5. P-K3
6. P-Q4
7. P-K3
8. P-K3
9. P-K3
10. P-Q4

Elapsed time: Fischer 14 minutes, Spassky 7 minutes.
11. Q-K2
12. B-K3
13. P-Q4
14. P-Q4
15. P-R5
16. B-K3
17. K-K1
18. K-K1
19. P-KP
20. K-K1
21. P-Q4
22. B-K3
23. P-KP
24. Q-K1
25. K-K1
26. K-K1
27. Q-K1
28. K-K1
29. K-K1
30. K-K1
31. Q-K1
32. K-K1
33. K-K1
34. K-K1
35. K-K1
36. K-K1
37. K-K1
38. K-K1
39. K-K1
40. K-K1

Elapsed time: Fischer 20 minutes, Spassky 21 minutes.
15. P-R5
16. B-K3
17. K-K1
18. K-K1
19. P-KP
20. K-K1
21. P-Q4
22. B-K3
23. P-KP
24. Q-K1
25. K-K1
26. K-K1
27. Q-K1
28. K-K1
29. K-K1
30. K-K1
31. Q-K1
32. K-K1
33. K-K1
34. K-K1
35. K-K1
36. K-K1
37. K-K1
38. K-K1
39. K-K1
40. K-K1

Elapsed time: Fischer 40 minutes, Spassky 30 minutes.
17. K-K1
18. K-K1
19. P-KP
20. K-K1
21. P-Q4
22. B-K3
23. P-KP
24. Q-K1
25. K-K1
26. K-K1
27. Q-K1
28. K-K1
29. K-K1
30. K-K1
31. Q-K1
32. K-K1
33. K-K1
34. K-K1
35. K-K1
36. K-K1
37. K-K1
38. K-K1
39. K-K1
40. K-K1

Elapsed time: Fischer 60 minutes, Spassky 50 minutes.
23. R-K1
24. R-K1
25. R-K1
26. R-K1
27. R-K1
28. R-K1
29. R-K1
30. R-K1
31. R-K1
32. R-K1
33. R-K1
34. R-K1
35. R-K1
36. R-K1
37. R-K1
38. R-K1
39. R-K1
40. R-K1

Elapsed time: Fischer 100 minutes, Spassky 100 minutes.
33. R-K1
34. R-K1
35. R-K1
36. R-K1
37. R-K1
38. R-K1
39. R-K1
40. R-K1

Elapsed time: Fischer 120 minutes, Spassky 120 minutes.
33. R-K1
34. R-K1
35. R-K1
36. R-K1
37. R-K1
38. R-K1
39. R-K1
40. R-K1

Elapsed time: Fischer 140 minutes, Spassky 140 minutes.
33. R-K1
34. R-K1
35. R-K1
36. R-K1
37. R-K1
38. R-K1
39. R-K1
40. R-K1

Elapsed time: Fischer 160 minutes, Spassky 160 minutes.
33. R-K1
34. R-K1
35. R-K1
36. R-K1
37. R-K1
38. R-K1
39. R-K1
40. R-K1

Elapsed time: Fischer 180 minutes, Spassky 180 minutes.
33. R-K1
34. R-K1
35. R-K1
36. R-K1
37. R-K1
38. R-K1
39. R-K1
40. R-K1

Elapsed time: Fischer 200 minutes, Spassky 200 minutes.
33. R-K1
34. R-K1
35. R-K1
36. R-K1
37. R-K1
38. R-K1
39. R-K1
40. R-K1

Elapsed time: Fischer 220 minutes, Spassky 220 minutes.
33. R-K1
34. R-K1
35. R-K1
36. R-K1
37. R-K1
38. R-K1
39. R-K1
40. R-K1

being assured that Fischer had arrived. Fischer spent 16 minutes studying the game before sealing his 41st move and U.S. chess sources said he asked about the television cameras because he "was probably afraid there was a camera watching up his move."

Finally, the American took a pencil, cupped his hand over the paper so Spassky could not see what he was writing and noted down his first move to be opened when play resumes tomorrow.

Grandmasters agreed that Fischer had the advantage at adjournment and Danish grandmaster Bent Larsen said, "It's hopelessly lost for Spassky. He hasn't got a chance."

Fischer, playing white, arrived six minutes after arbiter Lother Schmid started his clock, and played his usual king pawn opening. The American, who has been late for every game so far, then got up and walked over to talk with Schmid.

Spassky walked calmly into the hall to a large round of applause, and replied with his own king pawn.

First moves indicated that the game was shaping up as a Ruy Lopez opening. Play speeded along in the development phase, with Fischer taking 15 minutes for his first 10 moves and Spassky completing the same in 10 minutes.

It was only the second time in the championship that Fischer used his favorite king pawn opening. He employed it in the fourth game—the first playing white—but has since used a queen pawn opening.

Fischer thought for some 11 minutes over his 16th move, but a chess-loving youngster outside the hall prompted the American challenger to get up from his chair and walk off stage.

Play slowed toward the middle game and after 15 moves, all the pieces remained on the board. Spassky's second said that from the ninth move the play developed into the Gulya-Beyer variation, Danish International master Jens Enevoldsen said the variation was unusual and somewhat risky for Spassky.

Spassky lost a pawn without compensation on the 23rd move, swapping a knight and the pawn for a bishop.

Finally, Fischer handed Spassky two pawns back. Now the Russian had to defend pawns which could be dangerous in the end game, but Fischer burst out from his rather backward situation with bishop to knight three on the 26th move to set up an attack which made Spassky, by his 28th to 30th moves—all of which seemed forced—part with a rook for a bishop.

Fischer's handling of the last few moves had been masterly and Spassky, as always toward the end of the session, had been troubled by slight shortage of time.

Fischer had forced Spassky to advance his passed pawns onto black squares. There they were protected by the bishop, but to make any progress they would have had to press on to white squares which Fischer had under control. So Spassky reached a dead end. His main weapon was spent.

A win for Fischer now would put him 3 ahead, needing only 6 points from the remaining 14 games to take the title.

Trained in Gun Use

Rudolph Ganz, 95, Pianist, Was Also Noted as Composer

CHICAGO, Aug. 3 (Reuters)—Rudolph Ganz, 95, Swiss-born pianist, conductor and composer, died here yesterday.

Mr. Ganz, who made his debut with the Berlin Philharmonic Orchestra in 1899, made extensive concert tours throughout the United States, Canada and Europe.

He came to Chicago at the age of 23 and was conductor of the St. Louis Symphony Orchestra from 1921 to 1927. He became an American citizen.

Mr. Ganz was president of Roosevelt University's Chicago Musical College from 1933 to 1954. As a concert pianist, he was credited with introducing Ravel and Debussy to American audiences.

George Miller Dyott

BABYLON, N.Y., Aug. 3 (AP)—George Miller Dyott, 89, an explorer of South American jungles and a pioneer aviator, died at his home here yesterday.

Mr. Dyott also was an author, lecturer and photographer. In 1927, he was asked by the family of the late President Theodore Roosevelt to retrace and photograph the route taken by Roosevelt in 1914 along a Brazilian river, because Roosevelt had lost most of the film he made during the trip.

In 1928, Mr. Dyott went into the Brazilian jungles for the Royal Geographical Society on an expedition seeking a lost British explorer, Col. Percy H. Fawcett, and the latter's son.

During the 3,000-mile journey, the Dyott party found traces of the Fawcetts which led them to conclude that they had not survived.

Henry Miller Hogg

RIO DE JANEIRO, Aug. 3 (AP)—Henry Miller Hogg, 67, the dean of foreign correspondents in Brazil, died here yesterday of cancer.

Mr. Hogg, despite a long illness was still active professionally. He was correspondent for the Daily Express and Daily Telegraph of London.

Mr. Hogg was born in Brazil but had Brazilian-British nationality.

Nicola Montagna

NEW YORK, Aug. 3 (UPI)—Nicola Montagna, 87, former world professional middleweight champion who wrestled under the name of Nick (Young) Mundy, died yesterday in Lefferts General Hospital, a spokesman said.

Mr. Montagna was born in Italy and came to the United States as a youth.

John Marks

MOSCOW, Aug. 3 (AP)—John Marks, 68, chairman of the South

African Communist party, has died in Moscow after a long illness, Pravda announced today.

Pravda said that Mr. Marks died on Tuesday. He had been a member of the South African Communist party since 1928 and the party's chairman since 1962.

The Soviet Communist party's Central Committee expressed "profound grief" at his death.

3 Rome Mineral Water Firms Said to Sell Impure Product

ROME, Aug. 3 (UPI)—Rome was agitated today by a mineral water scandal.

Three of the most popular mineral waters sold here were described by authorities as impure.

"They even made us drink ammonia," one Rome newspaper said in a banner headline.

Under investigation were the concerns of Appia, Laurentina and San Paolo, which supply millions of bottles of mineral water annually to Romans.

The city was shocked because, through the centuries, Romans have accepted without question the powers of mineral water to cure everything from digestive cramps to hangovers.

Frans Charged

The first blow came yesterday when Magistrate Gianfranco Amendola accused the Laurentina firm of commercial fraud. He said that its mineral water contained ammonia but did not list it on the label.

The second blow came when a provincial medical officer ordered the Appia bottling factory closed because its mineral water contains "a high bacterial count."

The third blow came today when authorities said that San Paolo also contained more ammonia than allowed by law.

The investigations were carried out under a 1919 law regulating the mineral water industry.

The law was enacted to curb excessive claims—such as the one by a bottler that his product cured everything from "gouty manifestations of the skin to syphilis."

Many Romans consider mineral water a medicine or a defense against ailments of the liver.

A biologist for the Laurentina company said that ammonia was found in all mineral water and was not dangerous.

"Only when it is found in city water is ammonia a sign of pollution," Mario Tarditi said.



Rudolph Ganz

Italian Coalition Faces a Crisis On Pensions Bill

ROME, Aug. 3 (Reuters)—Italy's center coalition government, sworn in less than six weeks ago, faced a major budgetary crisis tonight after successive defeats in both houses of parliament on a new pensions bill.

Giulio Andreotti's three-party government announced that amendments had made the bill so costly that it would be too great a financial burden for the state, would upset all current and future economic planning, and would bring on inflation.

The government said the bill, drastically revised by two opposition amendments in the Chamber of Deputies last week and by two more in the Senate today, would be presented to the chamber again with an appeal that it should be restored to its original form.

After losing the two crucial amendments tonight, Labor Minister Dionigi Coppo, Budget Minister Paolo Emilio Taviani, Treasury Minister Giovanni Malagodi and Premier Andreotti all warned that the pension bill had grown too large.

"FEMME" perfume by ROCHAS of EDEN's duty free shop

3 Rue du Helder (near Opera) & 212 Rue de Rivoli, Ph. 624-96-62. EDEN has every perfume. Discounts up to 35% on bags, ties, jewelry. TAX FREE. Free samples to each visitor.

Ex-Party Aide Under Dubcek Is Accused in 8th Czech Trial

PRAGUE, Aug. 3 (UPI)—The eighth trial in two weeks for supporters of Alexander Dubcek, a former Czechoslovak Communist party leader, opened today in Brno.

Jaroslav Sabata, head of the Brno Communist party under Mr. Dubcek, and "his associates" were charged with subversion, the Czechoslovak press agency CTK said. The charge carries a maximum prison term of 10 years.

"Sabata and his associates formed an illegal group aimed at disrupting the social system in Czechoslovakia," CTK said. The charges said "they committed the crime of subversion" between 1970 and January, 1972. Mr. Dubcek, a liberal, was ousted in 1968 after the Soviet-led invasion of Czechoslovakia.

A ninth trial of former Dubcek supporters is expected to open next week with Mr. Sabata's daughter among the defendants, also charged with subversion.

Most of the charges leveled in the current trials stemmed from the circulation of leaflets just before last November's parliamentary elections. The leaflets reminded citizens of their constitutional voting rights, such as crossing candidates' names off the printed ballot list, writing new ones in, or refusing to vote at all.

In seven trials in the last two weeks, 31 persons were sentenced to prison terms ranging from one to six and a half years.

The heaviest sentence was imposed Tuesday on Milan Huebl, former head of the Czechoslovak Communist party's political college. He was the highest former party official to stand trial.

Refusal to Stand Trial

LONDON, Aug. 3 (Reuters)—A British member of Parliament was refused permission today to visit Czechoslovakia as a representative of Amnesty International to observe the trials.

A spokesman for the organization, which campaigns for political prisoners, said the Czechoslovak Embassy in London had refused to grant a visa to John Mendelson, a Labor party M.P. from Scotland, to visit Prague.

Refusal to Stand Trial

Refusal to Stand Trial

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Refusal to Stand Trial

Refusal to Stand Trial

Refusal to Stand Trial

Refusal to Stand Trial

Refusal to Stand Trial

Via Lanvin
The new perfume by Lanvin

VIA LANVIN

Not available in United States until 1973. In London at Harrods.

CROCKER NATIONAL BANK and Subsidiaries (A Subsidiary of CROCKER NATIONAL CORPORATION)			
CONSOLIDATED BALANCE SHEET			
ASSETS		June 30, 1972	June 30, 1971
CASH AND DUE FROM BANKS			
Cash and Due From Banks	\$1,002,166,610		\$ 712,248,514
Time Deposits with Other Banks	624,847,141		481,088,227
Total Cash and Due From Banks	\$1,626,713,751		\$1,193,336,741
SECURITIES			
United States Treasury Securities	\$ 693,421,011		\$ 668,034,634
Obligations of States and Political Subdivisions	541,018,896		583,268,015
Other Securities	78,051,607		49,486,637
Total Securities	\$1,312,491,514		\$1,300,789,286
LOANS			
Commercial Loans	\$1,969,633,296		\$1,708,855,407
Real Estate Loans	1,173,792,177		1,016,312,842
Consumer Installment Loans	458,083,266		415,154,720
Total Loans	\$3,591,508,739		\$3,140,322,969
OTHER ASSETS			
Federal Funds Sold and Securities Purchased Under Agreement to Resell	\$ 316,400,000		\$ 56,120,000
Equipment Lease Financing	9,849,521		11,704,104
Bank Premises and Equipment	123,622,811		115,931,963
Customers' Acceptance Liability	8,122,244		14,007,614
Accrued Interest Receivable	53,393,733		58,235,426
Other Real Estate Owned	741,787		2,199,252
Other	22,511,878		16,738,397
Total Other Assets	\$ 534,641,774		\$ 275,536,866
TOTAL ASSETS	\$7,075,355,778		\$5,909,985,862
LIABILITIES AND CAPITAL			
DEPOSITS			
Demand Deposits	\$1,878,249,057		\$1,787,912,612
Time and Savings Deposits	3,983,852,246		3,225,537,211
Total Deposits	\$5,862,101,303		\$5,013,450,023
OTHER LIABILITIES			
Federal Funds Purchased and Securities Sold Under Agreement to Repurchase	\$ 645,240,884		\$ 338,918,125
Mortgage Indebtedness	35,796,233		36,578,287
Acceptances Outstanding	8,130,833		14,697,614
Dividend Payable	4,313,233		4,157,333
Interest Collected in Advance	56,477,468		50,259,259
Accrued Expense and Other Liabilities	57,151,982		58,412,567
Total Other Liabilities	\$ 807,110,633		\$ 503,123,185
RESERVE FOR POSSIBLE LOAN LOSSES	\$ 47,274,142		\$ 41,097,571
CAPITAL			
Capital Notes 4.6% Due 1989	\$ 67,335,000		\$ 75,071,000
Shareholder's Equity:			
Common Stock—Total Par Value	\$ 103,958,320		\$ 103,958,320
Surplus	103,958,320		103,958,320
Undivided Profits	83,618,060		69,327,443
Total Shareholder's Equity	\$ 291,534,700		\$ 277,244,083
Total Capital	\$ 358,869,700		\$ 352,313,083
TOTAL LIABILITIES AND CAPITAL	\$7,075,355,778		\$5,909,985,862

DIRECTORS	
D. BECHTEL, JR.	President, Bechtel Corporation
REKINS, JR.	Chairman of the Board, Bechtel Corporation
BERRY	President, Berry Oil Company
BEPT CAPE	Executive Vice President, Del Monte Corporation
CTOR	Chairman of the Board, Max Factor & Co.
ER FLEISHACKER	San Francisco
FOLLIS	San Francisco
HAAS	San Francisco
Max Factor & Co.	Chairman
MOOVER	Chairman
W. HUNT	The Pacific Telephone and Telegraph Company
NICHOLSON	San Francisco, Wohlend and Johnston
ELLY	Chairman of the Board Anglo Bank
G. LAMDIS	Chairman of the Board, Del Monte Corporation
de LAMUR	San Francisco
LOWIE	San Francisco, Pacific Coast Territory, San Francisco and Co.
MILLER	San Francisco, Pacific Coast Territory, San Francisco and Co.
MOORE, JR.	Chairman of the Board, Moore Dry Dock Company
PEACOCK	San Francisco
POPE	Chairman of the Board, Pope & Co.
W. ROBINSON	Chairman of the Board, Robinson & Co.
M. ROTH	San Francisco
ROBINSON, JR.	Chairman of the Board, Robinson & Co.
SPENCER SMITH	Chairman of the Board, Spencer & Co.
S. THOMSON	Chairman of the Board, Thomson & Co.
WALSH	Chairman of the Board, Walsh & Co.
WILSON	Chairman of the Board, Wilson & Co.

Prices, growth Bonn

CD Survey ilities Ahead

8 (AP-DJ).—The West German makers is how to better price per-Organization for credit and De-CD) said today.

review of the my, the OECD that rapid price slow economic under the realiz-term projections

a danger of a eeing appears to led, and there are os of a revival of e length of the re-uncertain, it notes, me effects of the revaluation may i in 1972," exports play the dynamic n earlier outflow-ices, gross national, pected to rise by ant this year, but 75 percent will be by higher prices, g 2 percent real red with 2.8 per- and 5.5 percent in e considerably less e growth of ally, satisfactory degree ally may be dif- longer run. The rman official re-jection, covering i at limiting the ase to 3.2 percent a D notes, ne price rise within i not be easy, given international price he large carry-over pressure from the " it says.

of Gold Sharply

Aug. 3 (AP-DJ).

Gold fell sharply on ulion markets today of profit-taking by

g of buying, interest eed that the Soviet been selling some gold i markets in recent start the price set-

y have been a certain Russian gold about t today's price set- attributed entirely e profit-taking," said dealer. "Trading live," he added.

ret set the morning 170 an ounce, down yesterday. The price cents at the after-to officially close at

3. In late unofficial lers were quoting 25 an ounce.

dealers were quot- g price range 9.25 an ounce, off ay's \$69.50 to \$70.25.

Dollar—

—The bid or offer rates for the dollar on national exchanges:

	Today	Previous
30-day	43.25-34	43.25-30
60-day	43.00-31.8	43.00-31
90-day	42.75-30.5	42.75-30
120-day	42.50-29.5	42.50-29
150-day	42.25-28.5	42.25-28
180-day	42.00-27.5	42.00-27
210-day	41.75-26.5	41.75-26
240-day	41.50-25.5	41.50-25
270-day	41.25-24.5	41.25-24
300-day	41.00-23.5	41.00-23
360-day	40.75-22.5	40.75-22
Commercial	40.50-21.5	40.50-21

are pleased to announce the appointment and election of:

ROBERT G. CLARK
Executive Vice President and Director

Mr. Clark joined Coronado in 1971 as Senior Vice President and Director.

HENRY CARTER CARNEGIE
Vice President (Legal) and Director

and

DONALD R. STOREY
as Director

Storey is Chairman of the Free World Fund and Consulting Editor of Bank Credit Analyst.

RONADO GROUP LIMITED
rly Coronado Investment Corporation Limited

FINANCIAL NEWS AND NOTES

Merck to Buy Chemical Firm

Merck & Co., the chemical and pharmaceutical company, has tentatively agreed to buy Kelco Co., a privately held U.S. specialty chemical company, for nearly \$87 million in stock. The record is subject to formal approval by the directors of both companies and by Kelco shareholders. The acquisition, which is also subject to receipt of a favorable tax ruling, would take place Nov. 30. Merck would exchange 3.4 of its common shares for each of Kelco's 302,847 shares, for a total of 1,029,880 shares of Merck. Kelco reported unaudited sales for the year ended June 30 of \$21 million and net income of \$2.8 million. Merck would thus be paying roughly 53 times Kelco earnings. Kelco, of San Diego, makes from seaweed a chemical used in food processing and other industries and other products for the food and oil industries.

Philips Seeks Short Work Week

NV Philips has asked permission to halve the working week for 1,700 employees in its two Dutch engineering works for six weeks. Philips blamed the unfavorable development in the capital goods market for the move. The Dutch electrical giant has not yet received permission for the short work week from the government agency that supervises industrial relations. However, approval is expected as Philips has reached agreement on wage compensation with unions involved.

Bosch Sees Higher Sales Volume

Robert Bosch GmbH expects 1972 worldwide sales to rise to 6 billion deutsche marks (about \$1.9 billion), up some 7 percent from 1971. Chairman Hans L. Merkle declined to predict 1972 earnings, which in the first half were about unchanged from the like 1971 period while sales rose 10 percent. However, "We anticipate a leveling off in the volume growth in the second half," Mr. Merkle says. The automobile industry, to which about 52 percent of Bosch's output goes,

registered a 6 percent production decline in the first half, Mr. Merkle notes and "We don't expect any improvement in production of West German autos in the second half of the year." Earnings in most sectors of Bosch's diversified activities were "satisfactory" last year except for Blaupunkt Werke, a maker of radio and television sets, which registered a profit decline, he says.

Agi Finds Gas Under Ionian Sea

Agi, a subsidiary of Italy's state-owned oil concern ENI, has discovered natural gas in the Ionian Sea seven kilometers off Crotona, a developing industrial center in the Calabria region. ENI said the deposit was estimated at 15 billion cubic meters and potential annual production was put at about 1 billion cubic meters.

Swiss Banking Business Growth Slows

The banking business in Switzerland grew at a slower pace in the 1972 first half than in the year-ago period, a preliminary survey of the five largest Swiss banks shows. The combined balance sheet total of Swiss Bank Corp., Union Bank of Switzerland, Swiss Credit Bank, Swiss Popular Bank and Bank Leu was 150.06 billion francs (about \$31.3 billion) at the end of June, an increase of 5.1 percent compared with a rise of 10.6 percent in the 1971 half.

Chemical N.Y. Details CNA A-Deal

Chemical New York Corp. could end up paying as much as \$37.5 million for its proposed acquisition of CNA Nuclear Leasing, according to a preliminary prospectus covering a planned \$75-million offering of notes by Chemical. The prospectus also disclosed that Chemical has agreed to provide, either directly or through others, up to \$750 million of financing for CNA Nuclear over a seven-year period. CNA Nuclear, which chiefly leases nuclear fuel cores for electric utilities, is owned by CNA Financial Corp. of Chicago and certain individuals. Chemical is a multinational holding company whose flagship is New York's Chemical Bank.

Big Swiss Banks Among Subscribers

Morgan Completes Spinoff of Euro-Clear

By Robert Prinsky

BRUSSELS, Aug. 3 (AP-DJ).—Morgan Guaranty Trust Co.'s offer to spin off its Euroclear clearing system, Euro-Clear, has been oversubscribed by about 100 major international financial institutions, it was learned today.

The sale, for which Morgan Guaranty is to receive \$1.75 million and an initial five-year contract to operate the system, has been taken up by such institutions as Swiss Bank Corp. and Swiss Credit Bank, sources said.

A third major Swiss bank, Union Bank of Switzerland, recently opted for CEDEL, Euro-Clear's Luxembourg-based competitor, which has 58 shareholding institutions. The success of Morgan's offer indicates the beginning of a new chapter in the often acrimonious competition between the two systems, market observers believe. "It is a very impressive list of subscribers," one said.

Peacekeeper Role

One important market operator, White, Weld Securities, is attempting to play a peacekeeper role between the systems. In a letter late last month to all members of the Association of International Banks, White, Weld said it was purchasing Euro-Clear shares, in addition to CEDEL shares it holds, in order to promote "a rapprochement."

A total of 20,000 shares at \$125 each were offered to institutions in Europe, North America and Japan. Euro-Clear Ltd. would use \$1.75 million of the proceeds to purchase the name and business from Morgan Guaranty, and the remaining \$760,000 as working capital.

Morgan would continue to operate the system, for a fee equal to its operating costs plus either \$60,000 or 5 percent of operating costs. The latter amount would be taken if it did not exceed income before administrative costs and taxes.

Morgan undertook to buy shares of Euro-Clear Ltd. in an amount that is not greater than any other shareholder's participation, which was expected to be about 5 percent.

Confidentiality

Euro-Clear Ltd., a new company to be incorporated in Britain, undertook to maintain the confidentiality of its operations. Critics of the existing Euro-Clear assert that even though its operations are confidential, it still belongs to a single bank and the possibility exists that information could become available to Morgan.

CEDEL was established by Luxembourg banks and many New York competitors of Morgan, among others, to provide a neutral clearing service.

Most market operators would like to see the systems linked, but so far such efforts have resulted in only a tenuous "bridge" to facilitate the exchange of securities between them.

White, Weld said it was taking up Euro-Clear shares in the minimum amount permitted, "although not entirely satisfied with

the structure of the new company (because we concede that there are valid reasons for it.)

One dealer said the mere existence of two large boards of directors, perhaps with some overlap, would do much to reduce the tensions that have developed between the two.

The tensions have not subsided yet, however. An official of Kredietbank Luxembourg, one of CEDEL's main bankers, said his bank was not offered any Euro-Clear shares. He said other major Luxembourg banks were not offered any shares either.

He said the constitution of Euro-Clear Ltd. was not a step toward linking the two systems, because it tended to freeze the existing separation. He also noted that there was a standing invitation to Morgan Guaranty to join CEDEL.

The attitude of the big three Swiss banks was deemed crucial in the competition between the two systems, as they handle a large share of Eurobond business. Some observers thought the three might work together to foster a bridge between the systems.

Siberian Oil Plan

'Very Promising,' Japanese Say

TOKYO, Aug. 3 (AP).—A delegation of Japanese businessmen and oil experts said today they have concluded that a proposed Soviet-Japanese project to develop oil resources in Tyumen, western Siberia, is "technically feasible and very promising."

They said a study showed that oil in the Tyumen area is of high quality and contains a sulphur content of less than 1 percent. They also said there is no major problem to build a 4,163-mile (6,700-kilometer) pipeline linking Tyumen with a Soviet port on the Sea of Japan to transport 40 million kiloliters of crude a year to Japan.

The project calls for the development of oil fields near the Obi River, which are expected to yield about 40 million tons of crude oil a year. The total cost of the project is estimated at \$3 billion, and the Soviet Union has asked Japan to supply \$1 billion in bank loans.

Japan is expected to send a delegation to Moscow later this year for further talks on the project, committee officials said.

Business Outlook

In U.K. Improves

LONDON, Aug. 3 (AP-DJ).—An improved business outlook for British industry is reported by the Confederation of British Industry (CBI) in its latest quarterly trends survey published today.

It said the outlook for investment in buildings and machinery has improved consistently over the past four surveys and "is now possible to view the prospects for capital expenditure with rather greater confidence. The survey also shows an expected improvement in exports."

The CBI survey was taken in mid-July (before the worsening of the country's industrial relations and the dock strike) and replies were received from 1,328 companies accounting for half of Britain's exports.

Companies reported that the destocking by industry over the past year has stopped and some increase is expected over the next four months.

In its commentary, the CBI said the decision to float the pound has helped the outlook for exports and it sees "need for an early return to a normally fixed exchange rate."

Reed Profits Soar on an 8% Gain in Sales

Showa Denko Reports A Six-Month Loss

From Wire Dispatches.

LONDON, Aug. 3.—Reed International, one of Britain's largest papermaking and publishing groups, today reported a sharp increase in sales and profits in the three months ended June 30. Sales climbed 8 percent compared with the year-ago quarter to \$137.8 million.

After-tax profits jumped 31 percent to hit \$11 million, equal to 5.5 percent a share, up from 4 pence a year earlier.

Net income attributable to the parent company rose 36 percent to \$4.9 million from \$3.6 million in the year-ago first quarter.

Str. Don Ryder, chairman, told the annual meeting that "I look with renewed assurance for successful long-term growth with the prospect of a further improvement in earnings in the current year."

Showa Denko in the Red

TOKYO, Aug. 3 (AP-DJ).—Showa Denko, the chemicals and plastics firm, operated in the red for the first six months and omitted the semi-annual dividend. A year ago, it paid 25 yen a share.

The company lost 1.1 billion yen (about \$3.6 million) in the half year ended June 30, compared with a profit of 2.12 billion yen earned a year earlier.

Sales dropped 4 percent to 80.19 billion yen from 83.48 billion yen a year ago.

Although company officials predicted a recovery in the second half, they said the dividend will probably be skipped again.

Showa Denko attributed the deficit to production adjustments of aluminum products and price cuts because of oversupply as well as to sluggish sales of petrochemical products reflecting the domestic recession.

Company Report

Combustion Engineering

Second Quarter 1972 1971

Revenue (millions)... 291.94 285.02

Profits (millions)... 9.2 8.59

Per Share 0.87 0.84

First Half

Revenue (millions)... 517.25 499.6

Profits (millions)... 17.19 15.76

Per Share 1.64 1.53

CNA Financial

Second Quarter 1972 1971

Revenue (millions)... 442.7 406.0

Profits (millions)... 23.0 17.1

Per Share 0.52 0.41

First Half

Revenue (millions)... 839.0 774.3

Profits (millions)... 37.3 27.0

Per Share 0.84 0.64

M. Lowenstein

Second Quarter 1972 1971

Revenue (millions)... 114.9 113.5

Profits (millions)... 2.12 2.38

Per Share 0.64 0.72

First Half

Revenue (millions)... 335.4 318.8

Profits (millions)... 4.26 4.77

Per Share 1.29 1.43

Ogden

Second Quarter 1972 1971

Revenue (millions)... 282.8 271.7

Profits (millions)... 5.20 4.10

Per Share 0.44 0.33

Walter Kidde

Second Quarter 1972 1971

Revenue (millions)... 208.0 173.7

Profits (millions)... 7.72 13.76

Per Share 0.73 1.25

First Half

Revenue (millions)... 396.8 347.8

Profits (millions)... 15.27 20.3

Per Share 1.43 1.82

Big Board Prices, Turnover Climb

Hopes for Peace Buoy 3-Day Rally

By Vartanig G. Vartan

NEW YORK, Aug. 3 (NYT).—Strength in retail and automobile issues, as well as record prices for IBM helped fuel the third consecutive advance on the New York Stock Exchange today.

The Dow Jones industrial average moved up 6.55 to 947.70 for a gain of nearly 23 points since Tuesday.

Originally, the market had responded to renewed hopes for peace in Vietnam and then the momentum was sustained by encouraging economic developments, including an expansion of consumer installment debt and an increase in manufacturers' inventories.

Against this background, the booming gain in IBM—a closely watched indicator by market professionals—appeared all the more impressive. Trading ex-dividend, it rose 7 5/8 to 415 1/4 after selling at a new high of 415 1/2. Yesterday, IBM introduced new computer systems.

Retail and auto issues benefited from reports of sales gains for July.

Sears, Roebuck climbed 1 3/8 to 114 1/2. Kresge rose 1 1/4 to 45 1/2 and Penney gained 1 3/4 to 85 1/2.

General Motors up 1 2/8 to 77 1/2 and Ford up 1 1/8 to 65 5/8, were helped by recent sparkling earnings reports as well as the newly announced sales figures.

Amerasia Hess, high on the active list, lost 1 1/2 to 43. The giant oil company has announced a major shake-up of top management, following its 50 percent decline in second-quarter profits on a per-share basis.

Big Board volume, continuing to climb during the current rally, amounted to 197 million shares.

Beil & Howell, rising 4 to 72, announced a joint venture with Twentieth Century-Fox and a third concern to enter the pay television field. Twentieth Century-Fox gained 1 3/8 to 10 1/2.

Among the losers were Pacific Southwest Airlines, slipping 2 1/2 to 23 1/2 after the California Public Utilities Commission denied a rate increase, and Pet. of 2 1/2 to 30 7/8 after falling 3 yesterday. Pet. has reported a substantial decline in quarterly net income.

Levit Furniture fell 3 3/4 to 10 1/2.

SEC to Lift Ban
On Trading in
Canadian Javelin

WASHINGTON, Aug. 3 (NYT).—The Securities and Exchange Commission said today that it will lift its ban on trading in the stock of Canadian Javelin Ltd. on Aug. 9.

The SEC imposed the ban on March 7 because of what it said was the lack of adequate information on certain actions taken by the provincial government of Newfoundland with respect to a company linboard project and the effect on the company's financial picture.

The SEC said company attorneys stated that financial statements will be distributed to shareholders no later than Aug. 4.

The SEC warned, however, that the final effect of the Newfoundland government's action on the company's financial position cannot be determined at this time.

It said that broker-dealers might violate anti-fraud laws if they solicit Canadian Javelin security transactions "without first making a diligent inquiry to determine all pertinent financial and other information . . . and disclose such information to prospective purchasers."

Hopes for Peace Buoy 3-Day Rally

46. It reported a July sales gain of 105 percent, but noted that its number of retail outlets almost doubled during this period. Levitz also said that two directors, both members of the founding family, had resigned.

Dynamics Corporation, plunging 3 1/2 to 2 1/4. It has filed a petition for reorganization under Chapter 11 of the Federal Bankruptcy Act.

Blue Bell dropped 1 1/2 to 34 and Levi Strauss fell 1 3/8 to 53 3/4 in response to an analyst comment indicating that the sales boom in blue jeans is tapering off.

Mattel added 1/2 at 16 1/8 after plunging 3 3/4 yesterday on a company forecast of lower earnings.

Superior Oil, a large independent producer of natural gas, climbed 7 to 268. The Federal Power Commission said it will permit natural gas producers to apply for higher rates in an effort to stimulate sales to the interstate market and exploration for gas reserves.

Prices moved forward in moderately active trading on the American Stock Exchange. The index rose 0.03 to 26.89.

Mobile Home Industries gained 1.4 to 22 1/4 in the wake of an encouraging earnings statement released yesterday.

Turner Construction rose 1/2 to 24 1/4. It boosted its quarterly dividend to 25 cents from 20 cents.

In the over-the-counter market the index rose 0.76 to 136.82.

The corporate bond market moved ahead with a gain of about 1.4 in both new and secondary issues.

The government sector was relatively quiet and Treasury bills lost two to four basis points.

Tries to Mobilize Support

U.S. Studies a Deep-Water Oil Supertanker Terminal

By Edward Cowan

WASHINGTON, Aug. 3 (NYT).—The government has taken a first step toward mobilizing the support of Congress, the oil industry and the public for the construction of offshore, deep-water supertanker terminals that would cost billions of dollars.

To outline the case for the first such terminal, the Maritime Administration, a branch of the Commerce Department, has just published a summary of a \$197,000 feasibility study made by the New York engineering company of Soros Associates.

The terminals, which the company and the agency believe should be located 1 1/2 miles east of the Delaware coast in 100 feet of water, would cost \$1.2 billion and require nine years to complete. The estimate is based on 1973 prices, without allowance for future increases.

Present thinking in the Maritime Administration is that Washington would pay about one-fifth of the cost and the oil industry the rest.

Tankers carrying up to 100 million gallons of crude oil each could start unloading at the terminal in the fifth year. Smaller so-called feeder tankers would carry the crude to coastal refineries. Alternatively, it could be delivered by pipeline.

Russell W. Peterson, the environment-minded governor of Delaware who has blocked the

installation of new high-pollution industry in Delaware Bay, has reacted favorably to the offshore proposal. He regards it as "a step forward," a spokesman explained, because he believes it would lead to a reduction in the volume of oil now transferred from tankers to barges inside the bay.

Fewer Risks Seen

Mr. Peterson, like the Soros study, regards the environmental risks of an offshore terminal as much less than that of a spot in enclosed waters.

The study found that such terminals would be cheaper, in total costs and in the burden on the U.S. balance of payments, than several other types of transportation systems for delivery of imported oil. The environmental impact also would be least, the study found.

An important reason for locating a deep-water terminal out in the ocean, the study concluded, was that "the possibility of oil spills would be substantially reduced by eliminating the major source of such spills—grounding and collision in busy channels and harbor areas."

A spill right to 10 miles offshore would allow "more time for containment and clean-up," the study said, and the likelihood of ecological damage would be lower than in the more sensitive estuarine area.

THE IMPERIAL GOVERNMENT OF IRAN MINISTRY OF WATER & POWER IRAN POWER GENERATION & TRANSMISSION COMPANY (TAVANIR)

The Iran Power Generation and Transmission Company (Tavanir) intends to invite tenders for the designing and furnishing of transformers and reactors for substations for the Karun EHV Transmission System in Iran.

The purchase will be financed through the International Bank for Reconstruction and Development, and bidding will be restricted to member countries of the Bank and Switzerland.

The tender will include the following equipment:

Furnish four 90/120/150 MVA, 50 Hz, 400 230 kV Grd Y-20, 0 kV delta tertiary 3-phase autotransformers, Class OA/FOA/FOA.

Furnish four 120/160/200 MVA, 50 Hz, 400-230 kV Grd Y-20, 0 kV delta tertiary, 3-phase autotransformers, Class OA/FOA/FOA.

Furnish three 50 MVA, 400 kV, 50 Hz, 3-phase about reactors.

Furnish twenty-five 6667-kVA, 20 kV 50 Hz, 1-phase air core dry type about reactors.

To qualify for bidding on the transformers and reactors, the prospective tenderer must regularly manufacture transformers and reactors of the types specified and must have designed, manufactured, and had in satisfactory commercial operation for a period of not less than five years prior to submission of the bid, ten or more transformers rated not less than 100 MVA, 3-phase, at 400 kV or above and two or more about reactors rated not less than 50 MVA at 400 kV or above.

New York Stock Exchange Trading

[illegible]

All of these bonds have been sold. This announcement appears as a matter of record only.

Industrial Mortgage Bank of Finland Limited
Suomen Teollisuus-Hypoteekkipankki Oy
Helsinki

DM 70 000 000.-

7% Bearer Bonds of the Loan of 1972
Unconditionally guaranteed by the
Republic of Finland

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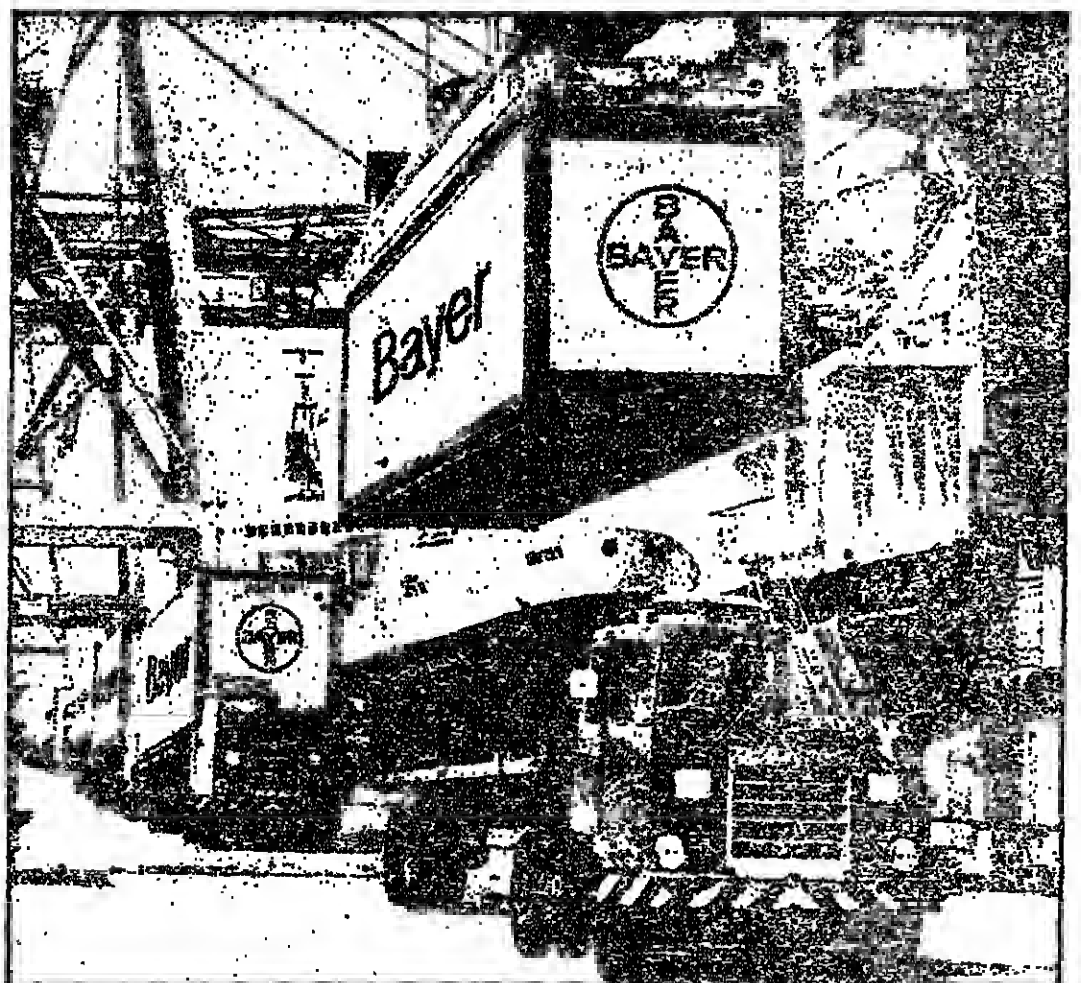
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Bayer reports

Growth with a solid foundation

	Million DM
Sales	6,276
Raw materials and other expenses not shown separately	3,443
	<u>2,853</u>
Income from investments in affiliated companies and from other sources	<u>220</u>
	3,053
Cost of personnel, including expenses relating to pensions	1,718
Depreciation	696
Interest payments	205
Taxes on income and property	<u>272</u>
Year's net earnings	262
Withdrawal from reserves (cost of the increase in capital stock)	<u>1</u>
	263
Allocations to reserves	24
Balance-sheet profit	<u>239</u>



26	—	240,000	347,454	4.5
27	—	243,500	356,597	4.8

These formula are included in the

under water
at Island of

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American Stock Exchange Trading

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Mutual Funds

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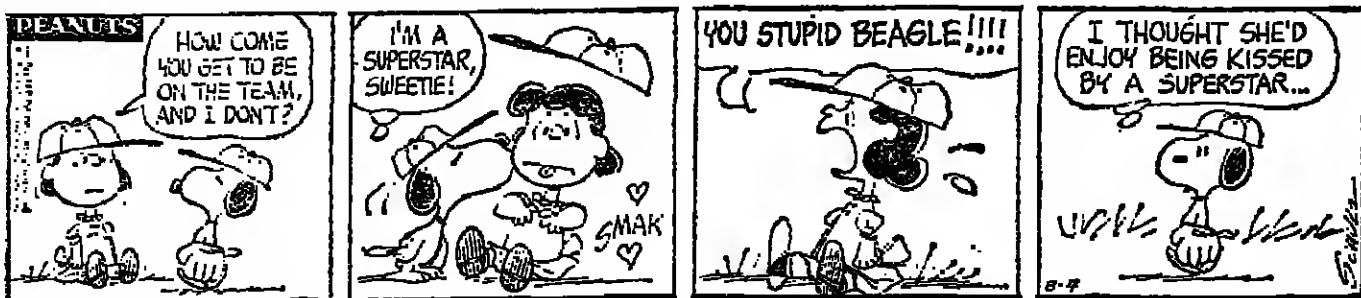
tfid	9.96	10.89	Bnd Db	11.34	12.39
v	8.58		Luth Bro	11.63	12.71
me	8.06		Luth Inc	8.88	10.87

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International

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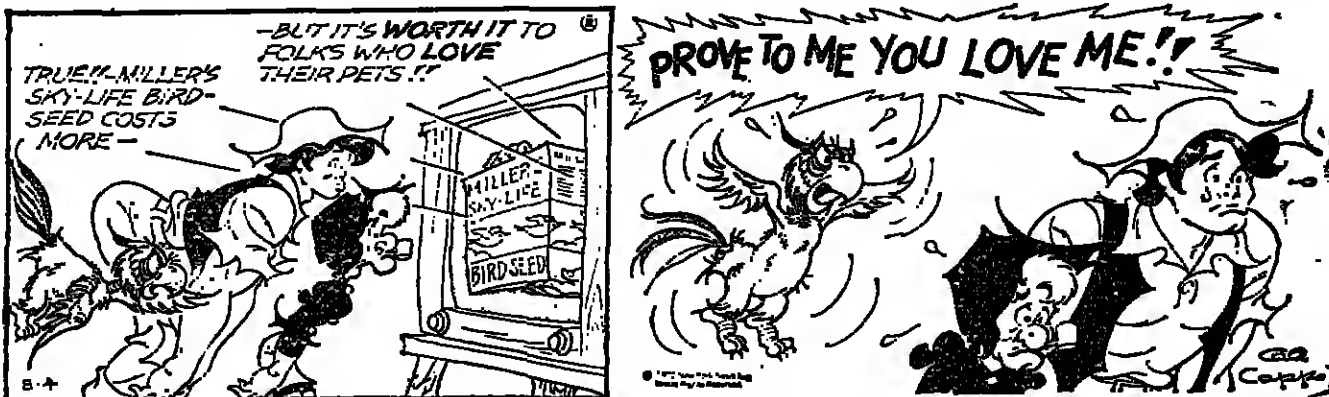
PEANUTS



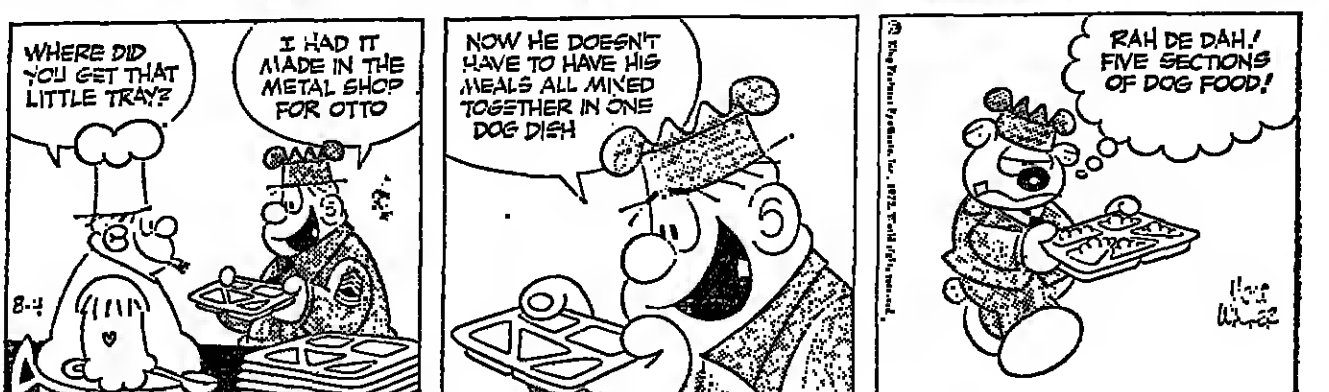
B.C.



L.I.L. ABNER



BEETLE BAILEY



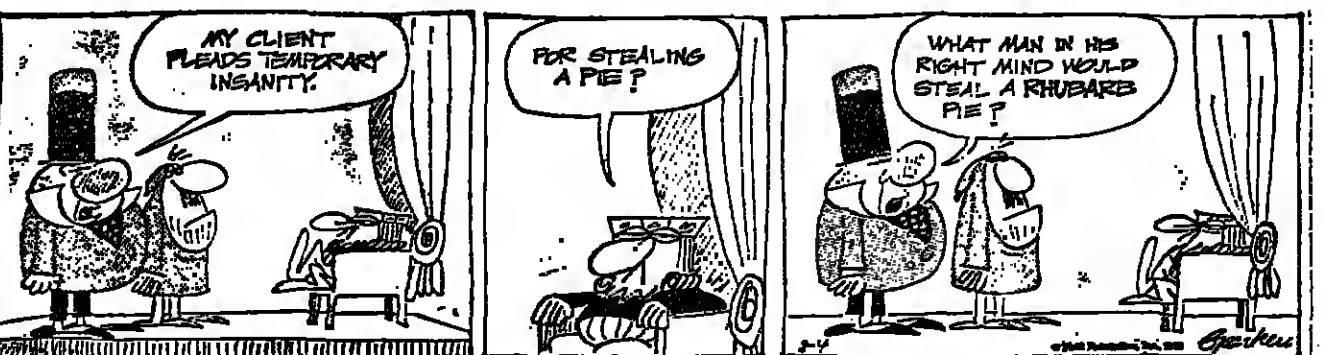
MISS PEACH



BUZZ SAWYER



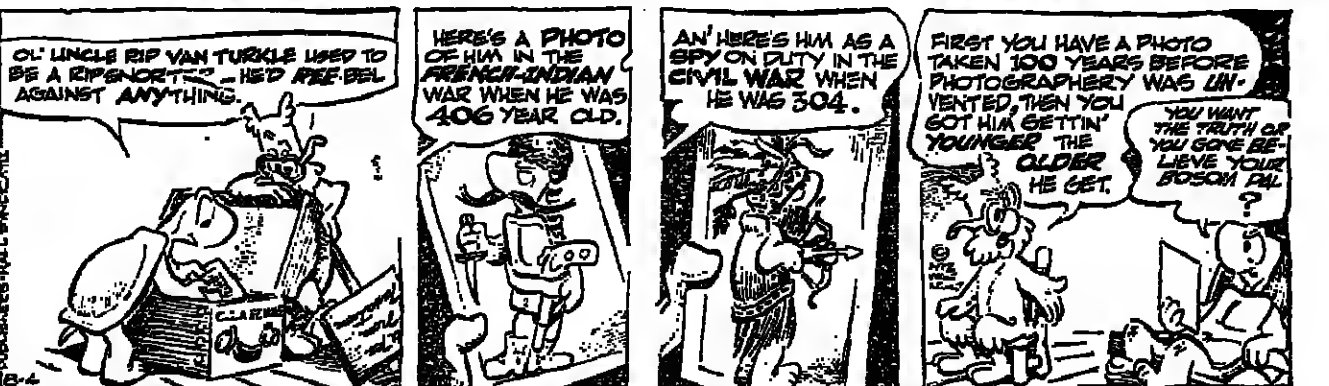
WIZARD of ID



REX MORGAN M.D.



POGO



RIP KIRBY



BLONDIE



BRIDGE

By Alan Truscott

North-South reached a reasonable contract of three no-trump. East misjudged the defense, and the declarer took advantage of the opportunity offered him.

NORTH
♠ A Q J 7 3
♥ 5 4
♦ K Q
♣ Q 10 4

WEST
♠ 10 8 6 4 2
♥ 7 4
♦ 9 7 3
♣ K 9 6

EAST (D)
♠ K 5
♥ K Q J 9 8
♦ K 2
♣ A 8 7 2

SOUTH
♠ 9
♥ A 10 3
♦ A J 10 8 6 5
♣ J 5 3

Both sides were vulnerable.
The bidding:
East South West Dbl.
1 ♠ Pass Pass 3 ♠
Pass 3 ♠ Pass 3 ♠
Pass 3 N.T. Pass Pass
Pass

West led the heart seven.

DENNIS THE MENACE



HE'S DOIN' HIS HOMEWORK RIGHT NOW, MR. WILSON. COULD YA CALL BACK LATER?*

JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

CENUD
DAAMI
NALDIN
EPTTIE

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print the SURPRISE ANSWER here

Yesterday's Jumbles: MANLY BELLE SPRUCE CYMBAL
Answer: What they look for during leap year—YES-MEN

BOOKS

AUPRES DE MA BLONDIE

By Nicolas Freeling. Harper & Row. 228 pp. \$13.

Reviewed by Anatole Broyard

OFTEN, for me, the "mystery" of a suspense novel lies more in its appeal to its readers than in its plot. Like a doctor, a book critic has a professional interest in the particular ailments or dietary imbalances that impel readers to seek ease or relief in this or that kind of literature.

Van der Valk becomes intrigued and, in pursuing the young man's suspicions, gets himself killed, right in the middle of the book. "He talks 'as apples fall, without a canopy," as a poet said, shot in the back by his informant, Richard, who had meanwhile suffered a change of heart.

Not only is it impossible to believe that this weakling could have screwed up his courage to such a point: it is also utterly illogical. To kill a famous police-

CROSSWORD

By M.

ACROSS
1 Puts on
7 U. S. statesman and financier
13 Chech
15 Fond
17 Manito's neighbor
18 Stretchable
19 Hammer-head
20 Origin
21 Thai Lat
22 Full skirt
25 Political haves
26 Guantanamo et al.
29 Dilapidated
32 Record
34 Showman
35 "Vive le..."
36 Fibs
37 Jump
38 Imply
39 Native: Suffix
40 Like some days
41 Craze
42 Large kangaroo
44 Duped instrument
45 Lose no time

